

Judge Leighton

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	No. CR06-5504RBL
)	
v.)	
)	GOVERNMENT'S SENTENCING
)	MEMORANDUM
CHARLES NOLON BUSH,)	
)	
Defendant.)	

The United States of America, by and through Jeffrey C. Sullivan, United States Attorney for the Western District of Washington, Arlen R. Storm, Assistant United States Attorney for said District, and Tyler Letey, Special Assistant United States Attorney for said District, hereby submits its Sentencing Memorandum in the above-entitled case.

I. BACKGROUND

We have heard this - or something just like it - so often that it has become the recurring fable of the bust.

* * *

It is the now-cliched litany of excess and indulgence, leavened with a few lordly footnotes of charity and good works as if the biggest crooks of our time really did have it all - more pilfered riches than Croesus and the grateful respect of the little people for their generosity as well. Rich and beloved. Who could ask for more?

It's the repulsive tale of our time, told, it seems, with an infinite cast.

New York Times, page 18, March 1, 2009. While these words were written regarding an allegation that another individual, P.G., had engaged in investment fraud, they just as

1 easily could have been written as an introduction to or summary of the facts presented
2 during the trial of Charles Nolon Bush.

3 During the early 1990's, Bush moved from Houston, Texas, to Washington State.
4 While living in Washington, Bush met his subsequent live-in partner, M.M. Throughout
5 the 1990's, Bush and M.M. engaged in one failed multi-level marketing scheme after
6 another.

7 Along the way, Bush became involved with Global Prosperity, a promoter of tax
8 evasion education, as well as other schemes. Around the time that he got involved in
9 Global Prosperity, Bush started a classic "Ponzi" scheme. Between December 1998, and
10 January 2002, Bush - conducting business from three countries and two states; through
11 several entities, including, "Hulaman Management Services" ("HMS"), "Global
12 Dominion Financial Services" ("GDFS"), and "Cornerstone Institute" ("CI"); and in the
13 names of various charities - defrauded more than 400 individuals of an amount in excess
14 of \$35,000,000 by promoting non-existent mid-term notes and a defunct luxury resort in
15 Mexico.

16 Bush fraudulently informed investors that while they were guaranteed an annual
17 return of 8% or 9%, there was a high probability that they actually would earn a 25%
18 dividend every "trading period" - which, at various times, he represented were either four
19 weeks or six weeks in duration. Bush informed investors that their investments were
20 virtually risk-free. He repeatedly told investors, for example, that their principal
21 investments would "never leave the bank."

22 Contrary to Bush's assertion that he would invest investors' investments and that
23 they would never leave the bank, Bush placed only approximately one-third -
24 approximately \$12,000,000 - in any kind of arguable investment. Bush diverted the
25 remaining two-thirds of the investors' funds to other purposes.

26 In order to create the false impression that he was receiving profits from
27 investments, Bush used nearly \$9,000,000 of the principal investments of some investors
28

1 to pay “dividends” to other investors.¹ Bush spent the remaining \$14,000,000 he
 2 received from investors as he pleased.

3 Among other things, Bush used investors’ savings, inheritances, life insurance
 4 policies, home equity accumulations, and 401k accounts to fund his extraordinarily
 5 extravagant lifestyle. Bush purchased, among many other luxuries, stays at villas for
 6 \$3,000 per night; View Park Golf Estate (on which he made a down payment of
 7 \$300,000); a \$1,600,000 remodel of View Park Golf Estate (one extravagance, among
 8 many, included a \$400 gold shower drain), a condominium in Hendersonville,
 9 Tennessee, for Bush’s second wife (on which he made a down payment of \$80,000); a
 10 luxury suite at Safeco Field for \$125,000 per year; a Harley Davidson motorcycle for
 11 \$24,000; a Cadillac and Dodge Durango for \$24,952 and \$37,993, respectively; a luxury
 12 suite at Qwest Field for \$67,760; a personal investment in Tully’s Coffee stock for
 13 \$250,000; original artwork (including, among other items, a bronze statue called
 14 “Morning Glory,” for \$11,397; a bronze statue called “Blue Heron,” for \$6,397; bronze
 15 statues called “Cave of Horses,” and “Thunder Ridge,” for a total of \$12,397; a bronze
 16 statue called “Promises to Keep,” for \$3,990; and a bronze statue called “Aviator,” for
 17 \$4,465); a guard dog named Cora for \$3,000, and “debugging” services offered by R.C.
 18 of Domestic International Consultants for \$40,000.

19 II. GUIDELINE CALCULATIONS

20 The government agrees with the PSR that Bush’s offense level is 45, his criminal
 21 history category is I, that the resulting applicable guideline range is life, and that the
 22 maximum sentence the Court may impose is 380 years’ imprisonment.

23 III. RECOMMENDATION

24 The government concurs with the PSR recommendation of 30 years’
 25 imprisonment, a term of three years of supervised release, and restitution in the amount
 26

27
 28 ¹ Contrary to Bush’s assertions, however, the HMS, GDFS, and CI investment scheme
 did not work and was not profitable.

1 of \$30,097,659.40.² The government makes its recommendation considering the
 2 seriousness of the offense, the need to promote respect for the law, and to provide just
 3 punishment for the offense, pursuant to 18 U.S.C. § 3553(a).

4 In attempting to discern the seriousness of the offense and Bush's degree of
 5 culpability in it, consideration may be given to the harm Bush inflicted, the effort he put
 6 into causing that harm, as well as the callousness he expressed by his actions. Here - as
 7 reflected both by the significant number of investors he defrauded, more than 400, as
 8 well as the vast amount of money he took from them, in excess of \$35,000,000 - Bush
 9 inflicted tremendous harm. These figures, moreover, measure only harm that can be
 10 quantified. They do not even start to take into account the many ways in which his
 11 victims' lives will be forever changed as a result of Bush's conduct. Nor do they reflect
 12 the harm Bush has caused to members of the public, at large, who, as a result of this
 13 offense and offenses like it, have lost faith and trust in the financial services industry.

14 Commensurate with the tremendous harm he inflicted, is the degree of
 15 sophistication and sheer determination that Bush brought to the table in inflicting that
 16 harm. Bush employed a large and professional staff; used the mail and internet to send
 17 and post monthly account statements; conducted the scheme from a waterfront estate and
 18 luxury suite at Safeco Field, in order to deceive investors regarding his success; and
 19 conducted the scheme in the names of charities, in order to further deceive investors
 20 regarding his goodwill. When law enforcement got too close, Bush changed the subject
 21 of the promotion from mid-term notes to a luxury resort in Mexico, and moved the
 22 scheme offshore to Nevis and to a law office located in Coronado, California.

23 Additionally, to avoid apprehension, Bush used the services of Domestic International to
 24 debug his car, residence, and lawyer's office. When he failed to pay investors promised
 25

26
 27 ² The government will present the Court with a spreadsheet listing the victims' names at the time
 28 of sentencing. While the loss is in excess of \$35,000,000, the government is not seeking restitution for
 those investors who were made whole or even made money from the scheme. In addition, the
 government has been unable to discern the identities of some investors.

1 dividends, moreover, Bush convinced them not to report him to the authorities by
2 promising to pay them even larger non-existent future dividends.

3 Finally, the callousness Bush expressed actually may exceed both the harm Bush
4 caused and the effort he put into the scheme. Every time Bush leased a \$3,000 per night
5 villa in Nevis, bought a luxury vehicle, or purchased an additional piece of art, he well
6 knew that at the other end of the money he spent were living, breathing investors who
7 may be required to spend the rest of their lives trying to recoup from the losses he
8 inflicted. Nevertheless, Bush proceeded with enthusiasm.

9 Considering the seriousness of the offense as reflected by the harm Bush caused,
10 the effort he put into causing that harm, and the callousness he expressed, the
11 government believes that a 30-year term of incarceration is warranted. The government
12 believes that this sentence is necessary both to promote respect for the law and to provide
13 just punishment for the offense Bush committed.

14 DATED this 17th day of March, 2009.

15 Respectfully submitted,

16 JEFFREY C. SULLIVAN
17 United States Attorney

18 s/ Arlen R. Storm
19 ARLEN R. STORM
Assistant United States Attorney

20 s/ Tyler Letey
21 TYLER LETEY
Special Assistant United States Attorney

CERTIFICATE OF SERVICE

I hereby certify that on March 17, 2009, I electronically filed the foregoing Government's Sentencing Memorandum with the Clerk of Court using the CM/ECF system which will send notification of such filing to the attorney of record for the defendant.

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